

From: Zubin Dittia
To: Microsoft ATR
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Subject: Microsoft Settlement

January 23, 2002

Honorable Judge Colleen Kollar-Kotelly
United States District Court for the District of Columbia
333 Constitution Avenue, NW
Washington, DC 20001

Your Honor:

I am a co-founder and the Chief Scientist at a small silicon valley startup company developing software infrastructure for the Internet.

I have kept close track of the progress in the Microsoft antitrust case, and would like to take this opportunity to express my views. I would like to emphasize that these are my own views and do not reflect those of my company or any of its officers.

As an industry participant, I feel that the Microsoft monopoly has had a devastating effect on competition and on innovation. Two aspects of this are especially disturbing to me:

1. By applying pressure on PC hardware vendors through exclusivity contracts, threats of increased pricing for Windows products, and other coercive means, Microsoft has successfully been able to keep vendors from selling dual-boot PCs (i.e., PCs which have multiple operating systems installed, and which provide users an option of which operating system to run when the system first comes up).

A case in point is Be, Inc., which was recently acquired by Palm. Be's product was a very simple and fast operating system which did not have very many applications, but which was very quick to boot at power on. Their product was designed to be installed alongside Windows in PCs. When the PC was powered up, the user was to be given a choice of whether to run Windows or Be. Thus, if the user wanted only to quickly check email or browse the web, there would be no need to wait a long time for Windows to boot up. Thanks to Microsoft pressure though, the hardware vendors which had been excited about providing such a choice to users had to back off from making any deals with Be, Inc. No one wants to go crosswise with a monopolist when you depend on them for most of your revenues. The end result was that users cannot enjoy a system that starts up in an instant - the losers were the consumers.

Another case in point is the free operating system Linux. It does not cost PC hardware vendors anything to run this OS on the PCs they sell, beyond the very low cost of installation. Thus, one would expect vendors to have rushed to install Linux in addition to Windows on their PCs (in a dual-boot configuration), as an additional "feature" that would help them differentiate their products. We haven't seen this happen, except with very small PC vendors that sell their PCs at much higher prices. Again, this is either because of direct coercion, or from fear of retaliation from a company on whom the vendors are completely reliant for their continued existence.

2. Perhaps even more damaging, but hidden from public view and not immediately evident, is the effect the monopoly has on innovation and on progress in the technology sector. Investors are fearful of investing in any project that appears to encroach on Microsoft's turf, and as a result much progress and many improvements in computer technology that could have been may never reach us. The resulting damage to the economy, and to the people, far outweighs the direct damage resulting from over-priced Microsoft products.

I urge the court to consider these points when it makes its decision on this very important case. I for one believe that the proposed settlement hammered out between the DOJ and Microsoft has been politically influenced, and is not in the public interest. It will not help restore competition to the marketplace, and it does not do anything to punish Microsoft for its earlier misdeeds. I urge the court to reject that settlement as inadequate, and opt for a harsher remedy.

With respect to point number 1 above, one remedy that I believe would help restore some modicum of competition would be to require Microsoft to adopt uniform and publicly known pricing for its products, to make their vendor contracts public knowledge, and to forbid them from discriminating on pricing or any other basis against hardware vendors that support competing products.

Thank you for your time. I have great trust in the American Legal System, and I'm sure that my trust will again be upheld in this case.

Respectfully yours,

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